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SUBJECT: SCENESETTER FOR VISIT OF ADMIRAL TIMOTHY KEATING

Classified By: Ambassador Kristie A. Kenney, Reasons 1.4 (b) and (d)

¶1. (C) SUMMARY: Admiral Keating, we look forward to welcoming you back to Manila for the 2009 Mutual Defense Board/Security Engagement Board (MDB/SEB). The robust U.S.-Philippines bilateral relationship has recently withstood court challenges to the Visiting Forces Agreement, but remains very close, as evidenced by President Gloria Macapagal Arroyo's July 30 visit to the Oval Office. Renewed efforts are underway to restart formal peace talks between the Philippine government and Muslim insurgents; a July 23 ceasefire between the Armed Forces of the Philippines (AFP) and the Moro Islamic Liberation Front (MILF) appears to be holding, as plans for formal talks move ahead. Using coordinated hard and soft power approaches, the AFP continues to score significant successes against terrorists in the southern Philippines and against the communist New People's Army; Lt. Gen. Victor Ibrado, appointed AFP Chief of Staff in May, is expected to maintain the momentum against terrorist and insurgent groups. Philippine Defense Secretary Gilberto Teodoro, a likely candidate for president next year, has been a strong leader and possesses a clear vision for the future of the Philippine military. Increased security has allowed USAID and other USG agencies to implement development projects in areas prone to terrorist recruitment. The Mission continues close cooperation with the Philippine government in working to protect human rights in conflict-affected areas, and in putting an end to extrajudicial killings. You will have an opportunity to discuss key strategic issues -- such as our shared counterterrorism fight -- and future military-to-military plans with key Philippine interlocutors and U.S. military personnel. END SUMMARY.

PHILIPPINE POLITICS

¶2. (C) With less than a year left in office, President Gloria Macapagal Arroyo continues to balance competing political interests amidst economic challenges. President Arroyo has weathered numerous unsuccessful impeachment efforts and low-level military coup attempts. Her administration has been plagued by allegations of serious corruption, as well as charges her supporters are attempting to juggle the Philippine Constitution to extend legal protection for Arroyo and her family after her term ends next year. With national elections scheduled for May 2010, nearly 20 cabinet members have announced their intention to seek office. Some presumed candidates have attempted to politicize aspects of our security relationship, such as the Visiting Forces Agreement (VFA), but none of the likely presidential contenders would represent a radical departure from the status quo. President Arroyo met with President Obama in the Oval Office July 30, and following additional

meetings with key U.S. cabinet members, returned to Manila earlier than scheduled due to the August 1 death of former President Corazon Aquino, a much-beloved icon of democracy.

PROMOTING HUMAN RIGHTS

13. (C) President Arroyo continues to express her commitment to making greater progress on the long-standing problem of extrajudicial killings, and has taken concrete steps in this direction. Partly due to increased attention by the Philippine government, the number of extrajudicial killings decreased dramatically through 2007 and 2008. While many execution-style slayings among politicians and others are likely a result of local disputes and long-standing feuds among rival clans, the government acknowledges the need to do more to ensure that all such crimes -- whether or not linked to security forces -- are fully investigated, and that those responsible are brought to justice. The Embassy continues to press the issue at the highest levels of the Philippine government, and has implemented a comprehensive plan of public outreach activities, training, and institution-building to make further progress in addressing the problem.

PHILIPPINES ECONOMIC GROWTH SLOWS

14. (U) The Philippine economy has averaged better than five percent growth for the past eight years, but under the impact of the global financial crisis, GDP growth may be outpaced by

MANILA 00001653 002 OF 004

the country's annual 2.04 percent population growth. Should the global economic downturn be prolonged, the impact on poverty in the Philippines, where more than 40 percent of the population lives on less than two dollars per day, could have a tangible impact on domestic politics. Poverty is especially severe in the Muslim areas of the southern Philippines. On the positive side, the Philippine banking system is relatively sound and not heavily exposed to risks from current global financial turmoil. The U.S. remains the Philippines' largest trading partner, with over \$17 billion in two-way trade during 2008, and is one of the largest investors, with \$6.7 billion in equity.

PHILIPPINE SECRETARY OF DEFENSE TEODORO

15. (C) In the government's fight against the communist and Muslim insurgencies, Teodoro is a hawk. Teodoro sees ongoing violence in central Mindanao as primarily thuggery. He believes there can be no lasting peace in the southern Philippines without disarmament, and has stressed that point with U.S. officials. Teodoro thinks more Philippine troops in Mindanao are necessary in the near term to establish a solid security environment. He challenges the 2008 U.S. Country Report on Terrorism's "safe haven" designation of areas in the southern Philippines, which he believes is incorrect. Teodoro said the government will issue evaluations of the government's efforts against the New Peoples' Army, the ASG, and rogue MILF groups by the end of this year.

16. (C) Secretary Teodoro has stressed that the 1953 U.S.-Philippine Mutual Defense Treaty is vital in reinforcing the history shared between our two countries and for providing a mechanism for future engagement. Teodoro believes that the next phase of the U.S.-Philippine military relationship should go beyond combat training and focus on broader strategic objectives. He was very pleased with joint Philippine-U.S. cooperation in co-sponsoring the first-ever field exercise for the ASEAN Regional Forum, a demonstration of disaster relief response held in the Philippines last month that involved 25 countries. He has championed the successes of Philippine Defense Reform with sustained U.S.

assistance. With the program set to conclude in 2010, Teodoro wants to complete two additional components in the next year: a study of Philippine counterinsurgency doctrine based on current practices; and a review of information and psychological operations to determine the most effective way to build support for government efforts.

STRONG BILATERAL DEFENSE RELATIONSHIP CONTINUES

17. (C) Senior Philippine defense officials believe now is the time to showcase the depth of the U.S.- Philippine relationship in a variety of areas, including counterterrorism operations, disaster relief, and multilateral engagement. These officials have emphasized that continued U.S. military assistance is essential and that expanded programs could provide greater improvements in areas ranging from regional security to human rights. Despite court challenges to the 1998 Visiting Forces Agreement (VFA) and opposition from leftists to U.S. military presence, the Philippine Supreme Court ruled in February that the VFA is constitutional. During their July 30 Oval Office meeting with President Obama and in a later separate meeting with Secretary Clinton, Arroyo and cabinet members voiced strong support for the VFA and our military partnership. Agreement was also reached on a memorandum to increase cooperation against high-seas piracy -- a subject of special interest to the Philippines, given the nation's status as a major origin of the world's commercial seamen.

18. (C) We have a robust military presence in the Philippines -- a joint U.S. Military Assistance Group (JUSMAG), Defense Attache Office, and approximately 550 Joint Special Operations Task Force-Philippines (JSOTF-P) personnel. Such depth allows us to have a broad and far-reaching impact on the Philippine military. U.S. military leadership is integrated into the Country Team and provides input that shapes decisions and policy. Apart from JUSMAG's traditional role of training and military sales, we have focused on assisting the Armed Forces of the Philippines (AFP) with revising their doctrine to promote ethics and human rights. The Philippines is an active provider of peacekeeping troops

MANILA 00001653 003 OF 004

around the world, contributing to eight United Nations operations. Last year they became members of the Global Peace Operations Initiative. This year, three Philippine nominees were accepted to U.S. service academies, one at each institution. Members of JSOTF-P work side-by-side with Philippine troops in Mindanao and the Sulu Archipelago, advising and assisting them in counterterrorism operations. At the same time, our military closely cooperates with U.S. law enforcement and intelligence agencies to achieve important successes in counterterrorism efforts.

19. (C) Several large-scale bilateral exercises are conducted each year between U.S. and Philippine troops, along with dozens of other training activities and exchanges. Humanitarian projects associated with the exercises have been welcomed by the Philippine government and population. More than 28,000 people received medical and dental care as part of the civil-military component of the Balikatan exercise that concluded at the end of April. Thousands more receive assistance each year through projects that JSOTF-P conducts in the southern Philippines with their AFP counterparts and through the more than 130 visits by U.S. ships.

SUCCESSFUL COUNTERTERRORISM EFFORTS

110. (C) The United States and the Philippines have scored important successes on the security cooperation and counterterrorism fronts. This alliance has resulted in the death or capture of a dozen key terrorist leaders and over 250 other terrorism suspects in the last three years. Secretary Teodoro recently emphasized that the Philippine

government's success against key high-value individuals of the Abu Sayyaf Group (ASG) and Jemaah Islamiyah (JI) terrorist organizations was achieved despite persistent shortfalls in logistical assets. He greatly values the contributions of U.S. military personnel in improving combat capability of Philippine forces. The brazen January kidnapping on Jolo island by the ASG of three members of the International Committee of the Red Cross highlights the continuing challenges that face the Philippine military and police in securing volatile areas.

PEACE PROCESS

¶11. (C) In recent weeks, the Philippine government and members of the separatist Moro Islamic Liberation Front (MILF) have established a new ceasefire and taken steps toward restarting formal peace talks, demonstrating that both sides share a mutually-reinforcing commitment to peace. On July 23, the Philippine government announced a suspension of military operations, a move reciprocated by the MILF on July 25, ending the year of fighting that followed the Philippine Supreme Court's August 2008 decision to block the government's precursor peace agreement with the MILF. On July 29, following informal talks in Kuala Lumpur, the Philippine government and MILF peace panels released a joint statement with the support of the Malaysian peace facilitators, noting their mutual intentions to maintain only defensive military postures, to work toward a new framework for engagement, and to aid the return of hundreds of thousands of internally displaced persons (IDPs) affected by the conflict. The U.S. Mission is initiating new programs and reinforcing existing ones to support the return of IDPs to their homes and their livelihoods, in cooperation with local Philippine authorities and military. U.S. support through development assistance will be an important component of a successful peace process, for which many are now cautiously optimistic.

USAID'S ROLE

¶12. (C) Since the mid-1990s, USAID has implemented a sizable and highly effective program throughout the island of Mindanao and the neighboring Sulu Archipelago provinces of Basilan, Jolo, and Tawi-Tawi. Approximately two-thirds of USAID resources for the Philippines have been committed to these areas, complemented by 1207 funds, JSOTF-P activities (since 2002), and humanitarian missions such as the USNS Mercy. USAID-sponsored activities in these areas include infrastructure development, school computerization, health and education improvement, environmental management, former combatant reintegration, and governance. USAID financed the

MANILA 00001653 004 OF 004

construction of more than 800 community-level and over 40 regional-impact infrastructure projects throughout the conflict-affected communities of the southern Philippines. The primary objective has been to encourage economic growth and demonstrate sustained commitment by the Philippine and U.S. governments to establishing security.

KENNEY